

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4542

ANSWERED ON:18.12.2000

PRIVATE SECTOR INVESTMENT IN POWER SECTOR

VINAY KUMAR SORAKE

Will the Minister of POWER be pleased to state:

(a) whether the private sector investment in power sector is not picking up as expected; (b: if so, whether the Electron de France has pulled out of the Bhadravati power project as it was hanging for too long;

(c) whether Videocon Group which is handling the Tamil Nadu project has stopped the work and apprehending cancellation of escrow cover granted earlier by the Tamil Nadu Electricity Board;

(d) whether the highly restrictive Purchase Price Preference (PPP) is still in force deterring the private bidders for the NTPC's Rihand and Ramagundam packages;

(e) whether the PPP has been providing protection the domestic industry and PSUs including BHEL which has outlived its utility by shutting out competition from private bidders; and

(f) if so, the reaction of the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) : Yes, Sir.

(b) : Yes, Sir. Inordinate delay in getting clearances from various authorities is one of the reasons indicated by M/s. Electricite de France (EDF) for pulling out from the 1082 MW Bhadravati Power Project.

(c) : As financial closure had not been achieved by M/s. Videocon Power Ltd., who are promoting the 1050 MW North Chennai Stage-II Thermal Power Project in Tamil Nadu in spite of 4 extensions given by the Government of Tamil Nadu, Tamil Nadu Electricity Board (TNEB) had decided not to renew the escrow given for the project. TNEB have also informed that construction work on the project is yet to commence.

(d) to (f) : The Policy of purchase preference to Central Public Sector Undertakings (CPSUs), extended by the Government vide OM No. DPE/13(3)2000-Fin GL.30 dated 14.9.2000, is in force upto 31.3.2002. The main purpose of the Purchase Price Preference is to provide a level playing field to the CPSUs vis-à-vis their foreign counterparts.

Although a total of 16 prospective bidders comprising domestic and foreign bidders had purchased the bidding documents following the issue of invitation for bids for main plant of Ramagundam Stage III (1x500 MW) and Rihand Stage II (2x500 MW) in October, 1999, however, only the Bharat Heavy Electricals Ltd. (BHEL) submitted the bids for both these projects, which were finally opened in October, 2000.